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MEMORANDUM FOR: D/CEP, DD/CEP, SA/ER, St/P/C
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The attached S-project was prepared for Mr. Laux of Treasury for briefing of Secretary Simon. It was handcarried to  on 25 March 1975.

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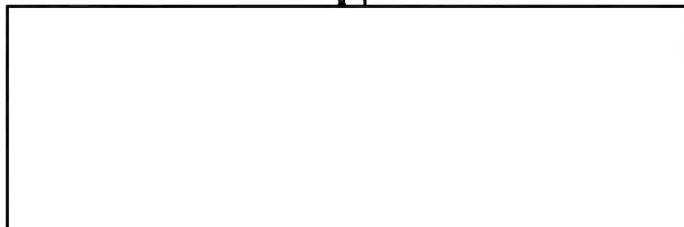


Chief
Trade and Aid Branch

S-08517

25 March 1975
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Foreign Military Assistance to South
Asian Countries

The countries of South Asia have purchased or received as grant aid over \$2.7 billion of military equipment during 1966-1974 (see Table 1). Our analysis shows that:

- About half of this equipment has been ordered since January 1971.
- The pace of military procurement is expected to increase somewhat over the next 12-18 months.
- The only shift in the source of supplies will be for Pakistan as the US is expected to provide Islamabad sophisticated weaponry not available from China.

The pattern of arms flows to the area's major recipients shifted sharply after 1965 as a result of US-UK arms embargo designed to halt the Indo-Pakistan War. The loss of these traditional suppliers compelled India and Pakistan to turn elsewhere.

India

New Delhi found the USSR a willing source capable of meeting many of its requirements. Since 1965 Moscow:

- Has sold over \$1 billion worth of military equipment (see Table 2).
- Has delivered MIG-21 jet fighters, medium tanks, OSA guided missile patrol boats, and surface-to-air missiles.

The Soviet program has been supplemented by deliveries of ground forces equipment from Czechoslovakia and to a lesser extent by Poland and Bulgaria.

Purchases from the West, while modest, have encompassed a wide range of equipment. The UK, India's major Western supplier, has provided helicopters, self-propelled artillery, and the Tigercat missile system. Other suppliers including the US and France have delivered primarily support equipment.

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In addition to foreign purchases, India rapidly expanded indigenous manufacturing capability and now fills more than half of its requirements from domestic production.

India's projected defense requirements are aimed at a rapid improvement in weapons technology. Plans for the late 1970s call for:

- . Replacement of many of its jet fighters and jet bombers with more modern aircraft.
- . Increased surface-to-air missile capability.
- . Modernization of naval forces.

The USSR will remain India's major foreign source of arms through the 1970s. Domestic production will meet only a small portion of India's new requirements.

Western arms suppliers will provide primarily spare parts and replacements for equipment already in India's inventories as well as technical assistance and some components under expanding licensed production programs.

Pakistan

China supplies a large part of Islamabad's requirements but cannot provide the range of sophisticated weaponry that the USSR is exporting to India. Peking has agreed:

- . To provide Islamabad with over \$300 million of arms
- . To deliver ground forces equipment and MIG-19 jet fighters.
- . To aid in expanding the ordnance facility at Wah and to provide a tank repair workshop and possibly a tank production facility

Other Communist suppliers have provided helicopters (USSR), vehicles (Czechoslovakia), and artillery (North Korea).

Pakistan has received its most sophisticated equipment from France and expects to increase purchases.

- . Agreements have covered Mirage jet fighters, maritime patrol aircraft, helicopters, air-to-air missiles, the Crotale surface-to-air missile system, and anti-ship missiles.

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Other Western suppliers have provided some equipment including anti-tank missiles, artillery, light aircraft, and helicopters.

US assistance has consisted of non-lethal equipment and spare parts. Pakistan, however, is expected to get lethal equipment including jet fighters and missiles now that the 10 year old embargo has been lifted.

Afghanistan

Afghanistan is almost totally dependent on the USSR for military equipment (see Table 4). During the past year Moscow:

- Has been modernizing Afghanistan's arms inventory.
- Has delivered a new generation of armored vehicles including T-62 tanks and BMP infantry combat vehicles.

Bangladesh

Bangladesh's arms requirements are limited and have been met mostly by India (see Table 5). Deliveries from other suppliers have included:

- MIG-21 fighters, helicopters, and transport aircraft from the USSR.
- Naval gunboats and ground forces equipment from Yugoslavia.
- Helicopters from the UK and Soviet-made tanks from Egypt.

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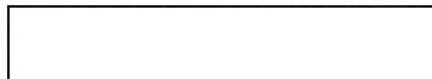
Table 1
Arms Sales to South Asian Countries, by Recipient¹

	Million US \$					
	<u>1966-1974</u>	<u>1971-1974</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
TOTAL	<u>2,733</u>	<u>1,410</u>	<u>520</u>	<u>368</u>	<u>279</u>	<u>242</u>
India	1,411	728	316	179	181	52
Pakistan	1,005	454	97	139	52	166
Afghanistan	236	147	107	Neg1	39	...
Bangladesh	81	81	...	50	7	24

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Table 2
Arms Sales to India, by Exporter¹

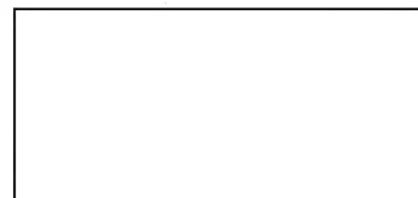
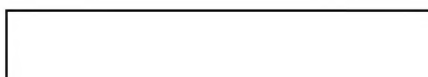
	Million US \$					
	<u>1966-1974</u>	<u>1971-1974</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
TOTAL	<u>1,411</u>	<u>728</u>	<u>316</u>	<u>179</u>	<u>181</u>	<u>52</u>
<u>Non-Communist</u>	<u>209</u>	<u>74</u>	<u>28</u>	<u>28</u>	<u>16</u>	<u>2</u>
United States ²	27	7	2	4	...	1
United Kingdom	107	48	25	8	15	...
Other ³	75	19	1	16	1	1
<u>Communist Countries</u>	<u>1,202</u>	<u>654</u>	<u>288</u>	<u>151</u>	<u>165</u>	<u>50</u>
USSR	1,051	526	228	149	149	...
Eastern Europe	151	128	60	2	16	50



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Table 3

Arms Sales to Pakistan, by Exporter¹

	Million US \$					
	<u>1966-1974</u>	<u>1971-1974</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
TOTAL	<u>1,005</u>	<u>454</u>	<u>97</u>	<u>139</u>	<u>52</u>	<u>166</u>
Non-Communist	<u>547</u>	<u>213</u>	<u>37</u>	<u>31</u>	<u>42</u>	<u>103</u>
United States ²	119	62	27	2	24	9
France	334	100	...	16	18	66
Other ³	94	51	10	13	...	28
Communist Countries	<u>458</u>	<u>241</u>	<u>60</u>	<u>108</u>	<u>10</u>	<u>63</u>
USSR	70	4	...	2	...	2
Eastern Europe	32	16	...	16	Neg1	...
China	331	196	60	65	10	61
North Korea	25	25	...	25

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Table 4

Arms Sales to Afghanistan, by Exporter¹

	Million US \$					
	<u>1966-197</u>	<u>1971-1974¹</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
TOTAL	<u>236</u>	<u>147</u>	<u>107</u>	<u>Negl¹</u>	<u>39</u>	<u>Negl¹</u>
<u>Non-Communist</u>	<u>2</u>	<u>1</u>	<u>Negl¹</u>	<u>Negl</u>	<u>Negl</u>	<u>Negl</u>
India	Negl ¹	Negl ¹	Negl
United States	2	1	Negl	Negl	Negl	Negl
<u>Communist Countries</u>	<u>234</u>	<u>146</u>	<u>107</u>	<u>...</u>	<u>39</u>	<u>...</u>
USSR	232	144	107	...	37	...
Eastern Europe	2	2	2	...

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Table 5
Arms Sales to Bangladesh, by Exporter¹

	Million US \$			
	<u>1971-1974</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
TOTAL	<u>81</u>	<u>50</u>	<u>7</u>	<u>24</u>
<u>Non-Communist</u>	<u>46</u>	<u>15</u>	<u>7</u>	<u>24</u>
India	37	15	2	20
Other ²	9	...	5	4
<u>Communist Countries</u>	<u>35</u>	<u>35</u>	<u>...</u>	<u>...</u>
USSR	35	35

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